

## Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 ( ISO ) W

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R 300950Z JUL 75

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 2441

UNCLAS KATHMANDU 3399

E.O. 11652: N/A

TAGS: ETRD, NP

SUBJ: EXPORT RESTRICTIONS IMPOSED BY FOREIGN GOVERNMENTS

REF: STATE 146681

1. WHILE GON EXERCISES EXPORT CONTROLS IN THEORY OVER A FAIRLY LONG LIST OF ITEMS, MOST ARE LARGELY IRRELEVANT TO INTERNATIONAL TRADE. ONLY ITEMS OF EVEN RELATIVE SIGNIFICANCE ARE RICE, JUTE AND JUTE PRODUCTS, TIMBER, AND HIDES AND SKINS:

A. RICE: ON JANUARY 4, 1974, REQUIREMENT WAS IMPOSED THAT RICE EXPORTERS SELL 25 PERCENT OF THEIR EXPORT STOCK TO THE GOVERNMENT AT SET RATES. ON DECEMBER 16, 1974, ALL PRIVATE RICE EXPORT WAS BANNED AND SEVEN GOVERNMENT COMPANIES FORMED TO CONDUCT RICE EXPORT TRADE. THE PURPOSE OF THESE ACTIONS WAS TWO-FOLD: TO GIVE GON CONTROL OVER THE FOREIGN CURRENCY (ESPECIALLY INDIA) GENERATED BY EXPORT SALES, AND OVER RESERVES AND DISTRIBUTION AGAINST TIMES OF DOMESTIC SHORTAGES. AN EXPORT TARIFF OF N.C.90 PER METRIC TON IS ALSO IN EFFECT.

B. JUE AND JUTE PRODUCTS, TIMBER AND HIDES AND SKINS:

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EXPORT LICENSE IS REQUIRED FOR THESE ITEMS (TO ENABLE GON

TO EXERT CONTROLS IN CASE OF SHORTAGES). RAW JUTE MUST BE EXPORTED THROUGH GOVERNMENT-OWNED TRADING COMPANY. EXPORT DUTIES ARE CHARGED, STRUCTURED TO ENCOURAGE LOCAL PROCESSING, E.G., 4-1/2 PERCENT ON RAW JUTE VERSUS 1-1/2 PERCENT ON JUTE GOODS. PRIMARY PURPOSE OF DUTIES IS REVENUE.

2. EXPORT OF CERTAIN ITEMS IS CATEGORICALLY BANNED. THESE CAN BE DIVIDED INTO TWO GROUPS ACCORDING TO THE REASON FOR THE PROHIBITION:

A. PRESERVATION OF NON-RENEWABLE (OR SCARCE) NATIONAL RESOURCES:

- OBJECTS OF ARTISTIC, RELIGIOUS OR HISTORICAL IMPORTANCE;
- COWS AND BULLOCKS;
- CERTAIN WILD ANIMALS (OR THEIR PARTS) DECLARED TO BE PROTECTED SPECIES, E.G., RHINOCEROS, TIGER, CLOUDED AND SNOW LEOPARDS, ETC(;
- NEPALESE COINAGE.

B. TO PREVENT RE-EXPORT OF ITEMS OF FOREIGN ORIGIN, EITHER IN COOPERATION WITH INDIAN IMPORT RESTRICTIONS OR TO RETAIN SCARCE COMMODITIES:

- GOLD, SILVER, JEWELS AND ARTICLES MADE THEREFROM (EXCEPT FOR PERSONAL JEWELRY AND CURIOS);
- INGOTS, SHEETS OR RODS OF IRON, STEEL, COPPER, BRASS, BRONZE, ALUMINUM, LEAD, ZINC AND MANGANESE; OR MANUFACTURES OF THESE NOT MADE IN NEPAL;
- RUBBER TIRES AND TUBES (EXCEPT AIRCRAFT);
- EXPLOSIVES, FUSES AND CHEMICALS FOR MAKING EXPLOSIVES;
- DRY OR WET CELL BATTERIES NOT MANUFACTURED IN NEPAL;
- A VARIETY OF SCIENTIFIC AND TECHNICAL INSTRUMENTS, INCLUDING MICROSCOPES, SURVEYING EQUIPMENT, ELECTRONIC EQUIPMENT;
- CANVAS CLOTH, TENTS AND TARPAULINS;
- DIESEL, LUBRICATING AND CRUDE OIL;
- CANNED FOODS MADE IN INDIA;
- MOTOR VEHICLES;
- FOR EXPORT TO INDIA, ANY GOODS IMPORTED FROM THIRD COUNTRIES, EXCEPT PERSONAL EFFECTS (IMPOSED MAY 29, 1972);

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3. AS OF DECEMBER 31, 1972, ONLY THE GOVERNMENT CAN ENGAGE IN BARTER TRADE (EXCEPT WITH INDIA).

4. IN ADDITION TO THOSE MENTIONED ABOVE, MODERATE EXPORT DUTIES ARE LEVIED ON MOST EXPORTS; ONE PER CENT IN MOST CASES, SOMEWHAT HIGHER FOR VARIOUS AGRICULTURAL PRODUCTS.

5. IN NO CASE DO GON EXPORT RESTRICTIONS OR TARIFFS HAVE

AN ADVERSE EFFECT ON U.S. TRADE, OR A QUANTITATIVELY  
SIGNIFICANT EFFECT ON INTERNATIONAL TRADE IN GENERAL. WITH  
CERTAIN OBVIOUS EXCEPTIONS, THE BULK OF THESE CONTROLS ARE  
A RESULT OF NEPAL'S LANDLOCKED GEOGRAPHY AND ITS UNIQUE  
BILATERAL TRADING RELATIONSHIP WITH INDIA IN THE CONTEXT  
OF INDIA'S RESTRICTIVE TRADE POLICIES. CARGO

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